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ROBINSON COTTON MILLS LIMITED



Forty-Second Annual Report

Year ended December Twelfth

1965



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ROBINSON COTTON MILLS LIMITED

TO THE SHAREHOLDERS:

The Directors present herewith the 42nd Annual Report of your Company and the Balance Sheet and related Statements of Income and Deficit, for the fiscal year ended December 12, 1965.

Your attention is directed to the Auditors' Report and to the various notes accompanying the Balance Sheet.

Shortly after C & T Investments (Bahamas) Limited in November 1964, caused your Company to purchase all the issued shares of Pinacle Homes (Chateaugay) Ltd., a New York corporation, at a price of \$580,000.00 paid in cash, questions arose as to the corporate status of Pinacle Homes (Chateaugay) Ltd., and as to the title to, and value of, its assets, which were represented as consisting of valuable real properties on the shore of Lake Champlain and at Chazy Landing in upper New York State. When it became apparent that Pinacle Homes (Chateaugay) Ltd. had not been properly organized under the laws of the State of New York, in spite of representations to the contrary by the promoters of C & T Investments (Bahamas) Limited, your directors with the assistance of its solicitors and attorneys in New York State, spent several months procuring such proper organization in order to enable the directors and officers of Robinson Cotton Mills Limited to fully investigate the affairs of Pinacle Homes (Chateaugay) Ltd. During the greater part of the year 1965, the affairs and assets of Pinacle Homes (Chateaugay) Ltd., were reviewed and investigated, and in addition the activities of the promoters of C & T Investments (Bahamas) Limited were also investigated by governmental and public authorities in Ontario. As a result of such investigations it is the opinion of a majority of your directors that the alleged assets and properties of Pinacle Homes (Chateaugay) Ltd., being subject to alleged mortgages and arrears of taxes, have practically no value, and that the expenditure of further moneys by Robinson Cotton Mills Limited in continuing the investigations, and in attempting to salvage something out of Pinacle Homes (Chateaugay) Ltd., is not justified. From information presently available it appears that C & T Investments (Bahamas) Limited has no assets or moneys of any account with which to make good the loss to your Company, and therefore it has been considered advisable to write down the investment in Pinacle Homes (Chateaugay) Ltd., to the sum of \$1.00, regrettable though this may be. Your directors are now considering what further steps may be taken to protect the interests of the shareholders of your Company, since a substantial majority of the common shares previously acquired by C & T Investments (Bahamas) Limited are still in Ontario and held by the bank.

In the Offer, dated November 20, 1964, made by C & T Investments (Bahamas) Limited to the shareholders of Robinson Cotton Mills Limited, to purchase 82.6% of their respective shareholdings, it was provided that, in respect of shares of Robinson Cotton Mills Limited tendered to, and acquired by, C & T Investments (Bahamas) Limited, if prior to November 30, 1966 the Mill premises at Woodbridge, Ontario were rented to the extent of 75% or more of the rentable space, then C & T Investments (Bahamas) Limited would be obligated to pay an additional "Contingent Cash Purchase Price" of Seventy-five cents (75c.) per share. As of the end of January, 1966, the Mill premises of your Company at Woodbridge, Ontario were rented to the extent of 77.70% of the rentable space, so that the aforementioned condition has been fulfilled. Therefore shareholders who sold common shares of Robinson Cotton Mills Limited to C & T Investments (Bahamas) Limited pursuant to the said offer are now entitled to receive from C & T Investments (Bahamas) Limited the additional Seventy-five cents (75c) per common share so sold. The address of C & T Investments (Bahamas) Limited is Fenby House, Shirley Street, Nassau, Bahamas, but in view of what has been indicated above it is doubted that payment will be made.

You will note that the year's operations resulted in a loss of \$8,108.00 which is an improvement over the previous year. This loss was due to insufficient space in the Mill Buildings at Woodbridge, Ontario being rented during the early months of the year to derive enough revenue to cover carrying charges. At the present time however sufficient space has been rented to provide enough revenue for carrying charges and to derive a modest profit, and your directors are endeavouring to rent the remaining area available.

The remaining properties owned by your Company consist of,—

- (a) the Mill Buildings at Woodbridge, Ontario, with a rentable floor area of about 290,000 square feet.
- (b) approximately 66 acres of vacant land situated within the boundaries of the Village of Woodbridge adjacent to the north of the Mill Buildings.

It is believed that both the Mill Buildings and the vacant land are worth considerably in excess of the depreciated amounts shown on the accompanying balance sheet.

Your Directors wish to express their appreciation to the Management and Employees for their co-operation during the year.

On Behalf of the Board,
W. H. ROBINSON
President and Managing Director

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Incorporated under the laws of the Province of Ontario

Balance Sheet

December 31, 1965

(With comparative figures for 1964)

ASSETS		1965	1964
CURRENT ASSETS:			
Cash		\$ 38,774	\$ 15,709
Accounts receivable:			
Services		22,661	18,600
Other		750	926
Receivable from director			914
Prepaid expenses		3,916	4,873
		<u>66,101</u>	<u>41,022</u>
INVESTMENT IN PINACLE HOMES (CHATEAUGAY) LTD., at nominal value (at cost in 1964) (note 1)		<u>1</u>	<u>580,000</u>
FIXED ASSETS, AT COST (note 4):			
Land		18,874	18,874
Buildings		785,206	785,206
Equipment		91,940	91,940
Trucks		11,638	11,638
		<u>907,658</u>	<u>907,658</u>
Less Accumulated depreciation		573,459	572,881
		<u>334,199</u>	<u>334,777</u>
		<u>\$400,301</u>	<u>\$955,799</u>

The accompanying notes are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

W. W. ROBINSON, *Director*

This is the balance sheet referred to in our report of the audit of the accounts of Robinson Cotton Mills Limited for the year ended December 31, 1965, and should be read in conjunction with that report.

AUDITOR

To the Shareholders of

ROBINSON COTTON MILLS LIMITED:

We have examined the balance sheet of Robinson Cotton Mills Limited as at December 31, 1965, and the statement of financial position on that date. Our examination included a general review of the accounting records and such other information as we considered necessary in the circumstances.

Subject to the omission of depreciation indicated in note 4, we report that the balance sheet and deficit present fairly the financial position of the company as at December 31, 1965, in accordance with generally accepted accounting principles applied on a basis consistent with the practice of the company in previous years.
Toronto, Canada,
January 4, 1966.

OTTON MILLS

ATED

he laws of Ontario

e Sheet

12, 1965

as at December 13, 1964

LIABILITIES

	<u>1965</u>	<u>1964</u>
CURRENT LIABILITIES:		
Bank loan (note 2).....	\$376,000	\$350,000
Loan from shareholder (note 3).....	20,000	20,000
Accounts payable and accrued expenses.....	30,724	9,115
Dividends payable.....		15,000
Total liabilities.....	<u>426,724</u>	<u>394,115</u>

CAPITAL STOCK AND DEFICIT

CAPITAL STOCK:

Authorized:

140,000 3% non-cumulative preference shares, redeemable
at par value of \$5.00 per share

300,000 common shares of no par value

Issued:

150,000 common shares.....

Retained earnings (deficit).....

292,000	292,000
(318,423)	269,684
(26,423)	561,684
<u>\$400,301</u>	<u>\$955,799</u>

integral part of this statement.

ALF OF THE BOARD

W. H. ROBINSON, *Director*

ort to the shareholders dated January 4, 1966
conjunction therewith.

' REPORT

at December 12, 1965 and the statements of income and deficit for the year ended
edures and such tests of accounting records and other supporting evidence as we

in our opinion the accompanying balance sheet and related statements of income
, 1965 and the results of its operations for the year ended on that date, in accor-
with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountant

ROBINSON COTTON MILLS LIMITED

STATEMENT OF INCOME

Year ended December 12, 1965

(With comparative figures for 1964)

	1965	1964
Revenue from mill and income from dwellings.....	<u>\$295,541</u>	<u>\$252,032</u>
EXPENSES:		
Depreciation, trucks and equipment.....	578	819
Expenses re acquisition and evaluation of investment in Pinacle Homes (Chateaugay) Ltd., including bank interest of \$21,494 in 1965.....	43,404	2,173
Directors' fees.....		1,400
Other expenses.....	262,680	276,504
	<u>306,662</u>	<u>280,896</u>
Loss before other income (note 4).....	<u>11,121</u>	<u>28,864</u>
OTHER INCOME:		
Interest.....	3,013	10,076
Miscellaneous.....		6,091
	<u>3,013</u>	<u>16,167</u>
LOSS FOR YEAR.....	<u><u>\$8,108</u></u>	<u><u>\$ 12,697</u></u>

STATEMENT OF DEFICIT

Year ended December 12, 1965

Loss for year.....	\$ 8,108
Investment in Pinacle Homes (Chateaugay) Ltd., written down to nominal value.....	579,999
	<u>588,107</u>
<i>Deduct</i> Retained earnings at beginning of year.....	269,684
DEFICIT AT END OF YEAR.....	<u><u>\$318,423</u></u>

ROBINSON COTTON MILLS LIMITED

NOTES TO FINANCIAL STATEMENT

Year Ended December 12, 1965

1. In the month of November, 1964, C & T Investments (Bahamas) Limited acquired 82.6% of the shares of the Robinson Family, namely 90,000 common shares, and on November 20, 1964 made an offer to all other shareholders to acquire a similar percentage of their shares at the same price and on the same terms as the acquisition from the Robinson Family. Subsequently in November, 1964, C & T Investments (Bahamas) Limited caused Robinson Cotton Mills Limited to purchase all the issued shares of Pinnacle Homes (Chateaugay) Ltd., a New York corporation, at a price of \$580,000.00 paid in cash. Shortly thereafter questions arose as to the corporate status of Pinnacle Homes (Chateaugay) Ltd., and as to the title to, and value of its assets, and during the greater part of 1965, investigations were made by the officers and directors of Robinson Cotton Mills Limited, as well as by a number of governmental authorities. As a result of these investigations it is considered that the alleged assets of Pinnacle Homes (Chateaugay) Ltd., have practically no value so far as Robinson Cotton Mills Limited is concerned, and therefore the investment in Pinnacle Homes (Chateaugay) Ltd., has been written down to the sum of \$1.00.

2. Pursuant to an agreement dated November 19, 1964, the Company, at the instance of C & T Investments (Bahamas) Limited, obtained a bank loan of \$350,000.00 to assist in the purchase of all the issued shares of Pinnacle Homes (Chateaugay) Ltd. In addition to the obligation of the Company, the following security was given to the bank, —

- (a) Hypothecation by C & T Investments (Bahamas) Limited of 90,000 common shares of Robinson Cotton Mills Limited, of which 82,002 of such common shares are still retained by such bank;
- (b) Personal guarantee by the shareholder, W. W. Robinson, which under the aforementioned agreement was to have been extinguished on or before February 18, 1965, but due to the default of C & T Investments (Bahamas) Limited has not been so extinguished, and under such agreement W. W. Robinson is entitled to receive interest at the rate of 3% per annum on the said loan until repaid, and in the meantime has the right to vote the aforementioned shares pledged to the bank.

3. Liability in respect of, and repayment of, the loan from C & T Investments (Bahamas) Limited of \$20,000.00 is disputed by a majority of the directors.

4. Since 1960 no depreciation has been provided on the Mill building. Normal depreciation would have been as follows, —

1965.....	\$ 12,784.00
1964.....	13,457.00
Prior years.....	<u>44,772.00</u>
	<u>\$ 71,013.00</u>

5. There is a balance to the credit of the Company of \$61,583 with Sun Life Assurance Company of Canada which is not included among the assets in the accompanying balance sheet. This balance has arisen through withdrawals from the Company's pension plan and may be utilized by the application of premiums due. The extent to which it is otherwise recoverable cannot presently be determined.

6. There is a contingent liability of \$2,020 in connection with accounts receivable guaranteed at the time of sale of shares of former subsidiaries.

ROBINSON COTTON MILLS LIMITED

ANNUAL REPORT
for the
Year ended December 12, 1965

BOARD OF DIRECTORS

W. W. ROBINSON
F. R. CALLY

W. H. ROBINSON
W. W. BURKART

OFFICERS

W. W. ROBINSON	-	-	-	-	-	-	-	-	-	-	<i>Chairman</i>
W. H. ROBINSON	-	-	-	-	-						<i>President and Managing Director</i>
W. W. BURKART	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
JOHN F. PERRETT, Q.C.	-	-	-	-	-	-	-	-	-	-	<i>Secretary</i>

BANKERS

THE CANADIAN IMPERIAL BANK OF COMMERCE

TRANSFER AGENTS AND REGISTRARS

NATIONAL TRUST COMPANY LIMITED

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

SOLICITORS

ROBERTSON, LANE, PERRETT, FRANKISH AND ESTEY